

Extracts from Letters

Showing the Attitude of

Organized Labor

on

Workmen's Compensation Laws



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ALBANY, N. Y., *March 29, 1913*

A word of explanation should accompany the following extracts from letters which I have received from many workingmen and labor leaders in Michigan and Massachusetts in regard to the working of the compensation laws in force in those States.

In Michigan and Massachusetts, competitive forms of insurance are permitted by law, in order to provide guarantees for the payment of compensation to workmen and their dependents. In Massachusetts, such insurance is provided by a State-organized mutual association, by stock corporations, and by employers' mutual companies. In Michigan, the field of insurance is extended still further and employers are permitted to carry self-insurance under proper restrictions, to insure either in stock or mutual corporations or in a State fund under the administration of the Insurance Department. In this particular, the bill introduced by the Senate Insurance Committee conforms with the Michigan plan. Its schedule of compensation is, however, more liberal than that contained in the Michigan act.

For the purpose of definitely ascertaining what the experience of Michigan and Massachusetts workingmen has been under the new law, with particular reference to the operation of the competitive insurance plan that has been incorporated in the Senate Insurance Committee's bill, I recently addressed letters to representatives of organized labor in these States asking for a frank expression of opinion upon this point from the men for whose benefit legislation on the subject of Workmen's Compensation is being proposed. The replies which have been received indicate beyond any possibility of dispute that such experience has been highly favorable. Letters of the same sort have been addressed to members of industrial accident commissions, who have been active in framing compensation laws in the States of Michigan, Massachusetts, New Jersey and Pennsylvania, and in administering such laws in the three first named States. The testimony of these men corresponds with that of the labor men.

It will be seen, in fact, from the replies which have come to us and which are quoted herein, that the doubt entertained by a few representatives of organized labor in New York State respecting the propriety of recognizing stock company insurance as one alternative in a

competitive insurance scheme—the only feature of the law that has excited serious discussion—is due to an entire misunderstanding of what has taken place elsewhere in this regard. Had the experience of workmen in Michigan and Massachusetts been known to the men who have criticized the Senate bill, the criticisms would never have been made. The fundamental change in conditions which is brought about by recognition of the principle of workmen's compensation, has not been taken into account either, nor given its proper weight. If it had been these criticisms would not have been made.

The reason why insurance by stock companies has been included among the permissible forms of insurance is simple, and, as it seems to me, unanswerable. It is the only existing facility which the State has for supplying insurance of this character. The two other forms of insurance recognized by the Senate bill are neither of them lawful, nor in existence, at the present time in New York State. We want to put Workmen's Compensation into effect immediately, and we want our plan of compensation to contain the feature of insuring to the workmen of the State the compensation which the law entitles them to in case of injury. We want this for the sake of the workmen. It will take time for any system of insurance that is at present nonexistent and that has never been tried here to get into operation. Even then it will take time to persuade employers to avail themselves of these new schemes, no matter how good they may ultimately prove to be. What shall we do in the meantime? The obvious answer is—avail ourselves of the one existing facility we have; recognize that facility as one of the permissible alternatives; incorporate in the bill all possible safeguards against its abuse; subject it for the future to competition with the other new forms of insurance, so that unless it demonstrates its right to survive by virtue of the superiority of its service over that of the other systems, it will in the end automatically cease to exist. By doing this we permit the immediate passage of a workmen's compensation bill containing (as any proper measure of this sort must) an insurance feature which can at once be availed of and at the same time we make it perfectly certain that as soon as the new insurance systems created by the act—the State and the mutual plans—are in running order, the future operations of the law can proceed entirely independently of stock company insurance, and inevitably will so proceed unless stock company insurance, by giving the best service, proves its right to live.

That is what the Senate Insurance Committee bill does. Instead of creating a monopoly for the stock companies, it destroys an existing monopoly in their favor by setting up new forms of insurance in competition with them. And the results which have been achieved elsewhere by meeting the problem in this way, demonstrate beyond any

question that it is the fairest and most sensible plan. In Michigan and Massachusetts, for instance, where formerly settlement delays and litigations prevailed in connection with the payment of industrial accident claims, the unanimous testimony now is that claimants under the workmen's compensation act are being treated with absolute fairness by the stock companies, as well as by the other systems of insurance. The old friction and irritation have entirely subsided, and the reason for this is that practically every excuse for controversy which exists at present in a State like New York where workmen's compensation is not in force, ceases to exist as soon as such a law is passed. With the substitution of a definite and certain liability for each kind of injury, in place of the former uncertainty as to what such compensation should be, and with industrial accident boards closely watching all settlements, it has been proven to be impossible for any employer, or for any company that insures his obligation, to take any unfair advantage in the settlement of claims with injured workmen or with their dependents, even if they should want to do so.

The following absolutely authentic testimony is presented in order that the members of the Legislature of New York State may have at their disposal proof which cannot be controverted that the workmen's compensation measure proposed by the Senate Insurance Committee is in line with the most enlightened thought of the day on this subject; that, besides being just to the employers of the State, this legislation has been primarily drawn in the interest of the employees, and that, by its adoption, the State of New York will place itself where it belongs—in the vanguard of progressive thought upon a great public question.

W. T. EMMET,
Superintendent of Insurance.

NEW YORK

Mr. Thomas P. Nolan, Chairman Law Committee of the United Board of Business Agents of the Building Trades of New York City.

"The Murtaugh-Jackson bill was not introduced at the request of the New York State Federation of Labor.

"This Board is on record as being opposed to any bill on compensation introduced by the New York State Federation of Labor until such introduction has been submitted to the affiliations for approval or disapproval; therefore you have no right to try and create the impression by clamoring that the 'McDonough bill' has the support of organized labor, for we know better; it was never submitted to our affiliations, viz., the building trades of New York city.

"We regard the bill introduced as the Murtaugh-Jackson bill,

and, as you say, in the name of the New York State Federation of Labor, as insufficient and a clumsy document, drawn up with more of an object to create positions for chronic job seekers than to provide a suitable workingmen's compensation law; it is insufficient, inasmuch as it leaves out and unprotected a large number of the workers of this State.

"What interests you cater to in so doing and drawing up the bill is known only to yourself.

"The matter may be dismissed without further comment, except to say that the men named in your circular letter unofficially scattered broadcast, represented this board and the Buildings Trades of New York City affiliated; they were officially selected as a Committee in open meeting, and sent to Albany under instructions to carry out the desires and wishes of and protect the interests of the Building Trades affiliated, and we believe that they performed and discharged their whole duty in presenting suitable amendments, to wit:

"First.—That a State Commission be appointed, consisting of three (3), one (1) of whom shall be a labor man.

"Second.—All claims to be brought before the Commission for adjustment and award, the decision of the Commission to be final.

"Third.—Provide for a lump sum, giving the dependent the power to elect lump or weekly sum.

"Fourth.—No deduction from award for legal or any other expenses, all of which was agreed to by the sponsors of the Foley-Walker bill, which looked to be the best bill before the Legislature, and this Board agreed to endorse and support that bill provided said amendments were inserted."

MASSACHUSETTS

Mr. W. H. O'Brien, Telegrapher.

"For many years a member of the Telegraphers Union and serving as a member of the National Executive Board of that union, have been President of the Boston Local Union, for seven years a member of the Boston Central Labor Union and for two years President of that organization, which is practically a federation of the labor bodies in and about Boston. For three years (1908-9-10) I was a member of the Massachusetts House of Representatives, being elected as a labor candidate from the strongest labor district. During that time and for two years following I was the representative of organized labor and representative of the Boston Central Union in legislative matters.

"From the beginning of the movement for compensation legisla-

tion in Massachusetts I have been in close touch with the views and wishes of organized labor and have devoted much time to the promotion of the movement which resulted in the act now in force in Massachusetts. When the matter of excluding the stock companies from participation in the business of compensation insurance was first agitated I was favorable to such action because we didn't then know the danger, but in the course of my investigation among the laboring men and particularly the representatives of organized labor, I came to the conclusion that the safest and best system, viewed from the workingman's standpoint, was the system of competitive insurance which is now in force in Massachusetts, and there is no better in the country.

"I have sounded the views of organized labor since the act became effective in Massachusetts and I have had very wide familiarity with the workings of the act and I am convinced that anything in the nature of State Insurance would not only be less beneficial to the workingman than the present system but would be positively harmful and dangerous. I spoke before the Judiciary Committee last winter against wiping out competitive insurance. I frequently attend the arbitration hearings at the rooms of the Commission.

"Addressing labor bodies I have publicly said that I believed that anything in the nature of a State fund or State insurance, from which the injured workingman must be paid his compensation would be fraught with great danger to him because of the probability that the fund would be administered exactly as the public charity funds are administered at the present time and I am satisfied that it is the view of the labor bodies to whom I have spoken that I am right in this respect and that the sense of labor generally is opposed to anything savoring of State insurance.

"I, therefore, trust that in providing the benefits which workmen's compensation does afford, the State of New York will not wipe out competitive insurance, this wholly in the interest of the workingman."

Mr. Martin T. Joyce, Secretary and Treasurer Massachusetts State Branch Federation of Labor.

"Compensation law now in existence in Massachusetts is very acceptable and working well for the wage earners of this State."

Mr. James H. Vahey, Attorney-at-law, Counsel Street Railway Employees Union.

"Six years ago while a member of the State Senate I was one of a Committee of two appointed for the purpose of drawing a compensation act and my associate, the present Justice Jenney of

the Superior Court of Massachusetts and myself at that time prepared a bill based upon the English system, having particularly in mind the desirability of providing for competitive insurance. During the hearings leading up to the adoption of the present act in Massachusetts, I had occasion to consult with labor men, members of labor unions and appeared before committees of the Legislature and I have always believed and now favor a system of competitive insurance.

"At the present time I represent a large labor organization in Massachusetts and am devoting some attention to the present compensation act. I am satisfied from my investigations and from the experience of which I know under the present act that anything looking to State insurance would be bad for the labor men and would be opposed by them.

"At the present time there are now pending in our Legislature a number of amendments designed to increase the benefits granted by the Compensation Act. The position of the stock liability companies with respect to these measures is one which commends itself to the laboring men and is favorable to the increases for which labor is fighting. In contrast with that position the Massachusetts Employees Association which is a semi-State company has opposed any change in the existing law.

"I believe I can fairly speak for labor regarding this legislation as I have consulted with a considerable number of labor men and trade unionists, and I assure you that the State of New York ought to adopt the plan of Workmen's Compensation and ought, in adopting it, to avoid anything that savors of State insurance but permit the competitive system of insurance which now exists in Massachusetts."

Mr. Frederick W. Mansfield, for ten years general counsel for the American Federation of Labor.

"I learn that there are pending before the New York Legislature two bills respecting the matter of Workmen's Compensation. I have been very much interested as counsel for the American Federation of Labor in Massachusetts in the subject of Workmen's Compensation and have made some study of the subject.

"I do not address you in my official capacity, but I should be pleased to have you consider the opinions which I, personally, have formed from my familiarity with the operation of the Massachusetts Act and which are based somewhat upon my knowledge of the interests of organized labor. During the life of the commission which was appointed by the Governor of Massachusetts to study the subject and during the hearings which led up to the enactment

of our present law, I expressed myself as favorable to a system which would include a competitive method of insurance under the Act. I am at present time counsel for the American Federation of Labor and in that connection come in touch very closely with the laboring men generally, and have means of knowing their views of the present Act. I am satisfied that the Act has proved a benefit to workingmen and although it needs amendment in some respects so that its benefits may be more extensive, yet I am satisfied that there is no just complaint because of the fact that the liability companies are permitted to engage in this line of business. From my acquaintance with the entire subject, I am satisfied that the present system of competitive insurance in which the liability companies are permitted to engage is the best possible insurance under the Act, and I am very strongly of the opinion that anything in the nature of State Insurance is opposed to the interests of organized labor and against the better interests of the working classes generally.

"I earnestly hope that the State of New York will adopt the principle of workingmen's compensation as I believe it is extremely beneficial to the wage earners, but I hope that in so doing, it will not make the mistake of adopting exclusive State Insurance."

Mr. John J. Fenton, First Vice-President State Branch, American Federation of Labor.

"Workmen's compensation act of Massachusetts is entirely satisfactory to the organized labor of this State."

Mr. George J. Twiss, Treasurer, Bricklayers Benevolent and Protective Union No. 3 of Massachusetts.

"There are 15,000 employers, covering nearly a million employees, insured under the Workmen's Compensation Act.

"Insurance companies, under the direction and supervision of the Board, are now making payments promptly, in every case where there is no dispute as to the fact of injury, and no charge of serious and wilful misconduct, at the end of the third week after the injury.

"Every case that comes to the attention of the Board where this rule is violated is investigated and the insurance company promptly called to task. There is every indication of a desire on the part of the companies to comply with every requirement of the Board.

"The Board is liberal in its interpretation of the law, believing that the Legislature intended the law to be broad in its terms and that this was the only satisfactory manner in which to administer it."

Mr. Michael O'Brien, Secretary, Massachusetts State Conference, submits the following resolution:

"BRICKLAYERS' CONVENTION, NEW BEDFORD, MASSACHUSETTS, 1913.

"Whereas, The Legislature of Massachusetts in the year 1911, enacted a law establishing workmen's compensation,

"Whereas, The result of this law was the creation of the State Industrial Accident Board;

"Whereas, There are now over 15,000 employers and nearly a million workers insured under this Workmen's Compensation Law;

"Whereas, All appeals of injured workers and the appeals of widows of men killed have been treated in the most liberal sense by the Accident Board;

"Whereas, All findings and recommendations of the Accident Board (with rare exceptions) have been promptly complied with by the insurance companies;

"Whereas, The result of the operation of the Workmen's Compensation Law, and the rulings of the State Accident Board have established a feeling of the greatest relief among workers engaged in hazardous employments;

"Therefore, be it resolved, That this Convention indorse the present Massachusetts plan of Workmen's Compensation as the best plan of accident insurance for working men and women, that is, competitive insurance regulated and controlled by the State and is opposed to any other system of Insurance."

MICHIGAN

Mr. Claude O. Taylor, President, Michigan Federation of Labor.

"As President of the Michigan Federation of Labor, I can say without fear of contradiction that the Michigan Compensation Law is quite satisfactory to a majority of workingmen.

"While some members of Organized Labor favor state insurance, the report of the Secretary of the Industrial Accident Board is that nearly every claim against insurance companies is paid without a dispute."

Mr. M. J. Tietema, Secretary, Grand Rapids Typographical Union No. 39.

"I am ready to state that the Workingmen's Compensation Law as being applied in Michigan is very satisfactory to a large majority in this city.

"Especially is this true of the labor unions, which worked hard for the passage of same. To my knowledge they have had no reason to become dissatisfied."

Mr. J. A. Stevenson, Vice-President, Trades and Labor Council, Grand Rapids, Mich.

"I desire to say, without fear of contradiction, that the Michigan Compensation Law is quite satisfactory to a majority of workmen.

"While some members of Organized Labor favor State insurance, the report of the Secretary of the Industrial Accident Board is, that nearly every claim against the Insurance Companies is paid without a dispute."

Mr. Christopher Ter Meer, Secretary and Treasurer, Trades and Labor Council, Grand Rapids, Mich.

"I desire to say, without fear of contradiction, that the Michigan Compensation Law is quite satisfactory to a majority of workmen.

"Some members of Organized Labor favor State Insurance, but the report of the Secretary of the Industrial Accident Board is, that nearly every claim against Insurance Companies is paid without a dispute."

Mr. Homer F. Waterman, Secretary and Treasurer, Michigan Federation of Labor, Kalamazoo, Mich.

"Yours of March 18th in reference to the Michigan Compensation Law and its workings in the State of Michigan received and in reply I desire to say that we are more than pleased with conditions and find every day more things that the worker has to be thankful for under this law. Have had very few complaints from the Rank and File throughout the State.

"The railroad employees under the old law of Michigan of 1909, had the Fellow Servant rule abrogated. They seem to think that the law has worked them a little injustice. However, they are satisfied and are willing to wait until the law will be amended to better their conditions.

"The miners of this State who, under the old law received on an average of \$50 to \$100 for death and about the same for total disability now are receiving their just claims and are very well satisfied.

"Taken as a whole this law is one of the best that was ever passed for the workers of the State of Michigan. I can safely recommend the law."

Mr. C. D. Amadon, Secretary-Treasurer, Michigan Federation of Typographical Unions.

"Your letter with regard to the Michigan Workmen's Compensa-

tion Act received. As far as I know this law is entirely satisfactory to organized labor. In fact I was delegated to represent our organization at the conference held in Lansing, December last, and it was the unanimous opinion of representative employers and employees that the law be given a fair trial before proposing any amendment."

Mr. T. A. Cameron, United Brotherhood of Carpenters and Joiners of America.

"Your favor of the 18th at hand, would say in reply that so far the Workmen's Compensation Law has proven very satisfactory to both employers and employees. As far as I can ascertain every employer of any magnitude in this city has come under the law and that about 75 per cent of the employers of the State have come under the law. More especially of the large manufacturers and employers which means a larger per cent of the employees. In our organizations in this city we have had fifteen who have been disabled, most of them running woodworking machines. They have all been settled according to the compensation law without any trouble satisfactorily to all persons concerned. Hoping that New York State may adopt a similar law for the protection of employees, I am fraternally yours."

The following extracts are taken from letters received by the State Insurance Department containing expert opinions from members of industrial accident commissions who have been active in framing compensation laws and administering such laws in the States of New Jersey, Pennsylvania, Michigan and Massachusetts.

Mr. Francis H. Bohlen, Secretary Industrial Accident Commission of Pennsylvania.

"Let me congratulate you on a very excellent act. Personally I am particularly impressed with the wisdom shown in not restricting the employer to a State managed insurance fund. If such a department is provided, sufficient competition is furnished to secure it that the rates charged by the stock companies will not be exorbitant. This provision not only makes it impossible for the companies to exploit the act by charging rates which would return them undue profit, but such a mutual association is the most effective incentive to the companies to cut down their procurement charges and expense accounts so that they may meet the competition of the State manual which has a much lesser burden of this sort to bear."

Mr. William E. Stubbs, Secretary Employers Liability Commission, State of New Jersey.

"I notice that your bill calls for the formation of an Industrial Compensation Board. Personally, I am of the opinion that such a Board will render the operations of the law more satisfactory, than to have it turned loose in the State, without any supervising guidance, as is done here. I understand that the Industrial Accident Board of Massachusetts has proven a most satisfactory arrangement, and that during the past year not a single case has been taken in appeal from their decision to the courts. It is certain that nothing will be done in this State immediately toward the formation of a supervising board, as there appears to be a diversion of opinion among the members of this Commission as to the advisability or necessity of such a controlling body.

"It has come to my attention that there is a move on foot to have a State Insurance Department in New York of such a nature as to exclude Stock Companies from writing Casualty Insurance, in your State. I am not at all certain that such a move would be advisable. Competition always lends itself toward the reduction of cost, and it seems as though the field should be left open, if for any reason the private corporation can offer insurance at a less cost than a State Department. Beside this there is an important question which does not seem to have received the attention due it. To my mind, by far the most important result to be obtained, by all of this present day compensation agitation, is the ultimate safe guarding, to the last possible limit, of all machinery.

"Insurance Companies have for years been working more or less effectively, along this line, and to eliminate them from the present industrial situation would seem to me to be throwing away a very great source of benefit."

Mr. Joseph A. Parks, Member of Industrial Accident Board, State of Massachusetts.

"For nine years prior to the enactment of this law I was the representative in the General Court. During the latter part of my experience as legislator, I was the labor leader in the House, and I was on the Committee on Labor for eight years, holding the position of clerk of that committee, and was very generally in touch with the labor issues in the Legislature of which I was a member. I was joint author of the present Compensation Act, and was, perhaps, more engaged in securing its passage than any other person. In this matter I represented the labor interests, and when the act became effective I was appointed the labor representative upon the Industrial Accident Board which administers this law. In the

latter connection I have had the best of experience to observe the working of the Act, and have almost nightly engagements to speak before labor bodies and other organizations with regard to the experience we are now having under the compensation system.

"I was the labor representative on the Commission on Compensation for Industrial Accidents, appointed by Governor Draper in 1910, which studied compensation legislation with a view of reporting some measure to the Legislature, and the law now in force in Massachusetts is substantially the report of that commission.

"I was first very much opposed to permitting the operation of the stock liability companies under the Act, and the Bill, as we originally drew it, provided for the exclusion of these companies. I was very much in favor of the subsequent bill proposed by the American Federation of Labor, the purpose of which was to exclude the stock liability companies from operating under the Act, which bill did not become a law.

"Since my association with the administration of the Act, and as a Commissioner, I have come to know that the present success of the Act is due to no small measure to the help and the good offices of the stock liability companies.

"I am of the opinion that the method of insurance under the act which is now in vogue in Massachusetts is by far the best method which can be devised, and I have publicly expressed my views that the opportunity to insure with the stock liability companies, if such insurance is desired, is one of the greatest aids to the furtherance of the operation of The Workmen's Compensation Act in Massachusetts."

Mr. Richard L. Drake, Secretary Industrial Accident Board, Lansing, Michigan.

"I have carefully considered the Senate bill introduced by the committee on insurance and have nothing but commendation for its provisions. If anything, it is an improvement on the Michigan law, inasmuch as it provides compensation for total disability for life as against ten years in Michigan. The specific payments for definite injuries are also somewhat higher than the Michigan act and this is another commendable provision. I also note that you have a specific provision that the permanent loss of the use of a member shall be considered as the equivalent of the loss of such member. Our experience in Michigan has shown that this is a wise provision and should have been incorporated in the Michigan act.

"On the whole it is a splendid act, and I sincerely hope it will be passed at this session of the New York legislature."